

RETIREE ADVISOR

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Produced for retired members of the Tennessee Consolidated Retirement System



Jill Bachus
TCRS Director

TCRS NAMES NEW DIRECTOR

On October 1, 2005, Jill Bachus was named Director of the Tennessee Consolidated Retirement System (TCRS). Previously, Mrs. Bachus served as Deputy Director of TCRS for six years and has been employed with the Treasury Department for over 24 years. She has served Treasury in various capacities including Director of Accounting and Director of the Baccalaureate Education System Trust (BEST).

Jill is a Certified Public Accountant, a Certified Government Financial Manager, and received her B.B.A. and M.B.A. from Middle Tennessee State University.

Previous Director Ed Hennessee has been promoted to Assistant to the Treasurer.

TAX TIME IS UPON US

TCRS Retirees and beneficiaries who received benefits in 2005 will receive a 1099R form with this newsletter. Below is an explanation of some of the sections on the form.

BOX 1 is the total TCRS pension benefits you received.

BOX 2a is the Taxable Portion of your benefit as calculated by TCRS. We use the Simplified General Rule to calculate this amount. If you retired before July 1, 1986, the amount of your after-tax contributions has already been excluded from your taxable income and your benefits are now fully taxable.

Disability benefits from TCRS are fully taxable until the benefit is converted to a regular retirement benefit at age 60 or death. After that point, the Simplified General Rule is used to determine the taxable portion of each monthly payment.

BOX 4 indicates the amount of federal income tax withheld by TCRS in the year 2005. Forms to change or revoke your withholding election may be obtained by calling or writing TCRS, or on our website at www.state.tn.us/tcrs.

BOX 7 shows the type of benefit you are receiving. If you are a disability retiree, you may be eligible for a disability tax credit. (Refer to IRS Publication 524.) Additional tax information may be obtained by calling the IRS toll-free at 1-800-829-1040.

PROTECT YOUR IDENTITY

Identity theft occurs when someone uses your personal information to apply for loans, credit cards, or other financial products or services. If you believe you are a victim of identity theft, call the Comptroller's Fraud Hotline at 1-800-232-5454. Information is also available at www.consumer.gov/idtheft.



INCOME TAX CHANGES



Is the amount of your monthly retirement check or direct deposit slightly different than it was last month? If the difference was not because of a health insurance premium change, the amount of your income tax deduction may have been reduced slightly due to minor changes in the IRS withholding tables. If this is the case, you may call our office to find out the details about the change. If your payment amount changed for this reason, you may request a letter by calling (615) 532-3187 or 1-800-770 8277 (Option 1).

WHY DIRECT DEPOSIT IS NOW LAW

Some retirees do not understand the decision to make direct deposit mandatory. Listed below are some of the drawbacks to issuing paper checks:

- Lost Checks** TCRS has no control of checks lost in the mail. It takes TCRS at least a week to replace lost checks.
- Theft** Since printed checks contain personal information (your address and social security number), there is a greater chance of identity theft, which can be quite damaging.
- Timeliness** Printed checks are mailed the last day of the month and you receive them about two days later. However, direct deposit payments are already in your account the last day of the month.

The added convenience and peace of mind provided by direct deposit far outweigh the risks associated with paper checks.

If you have any questions, please contact our office at 615-741-4913 or 1-800-770-8277 (toll-free).



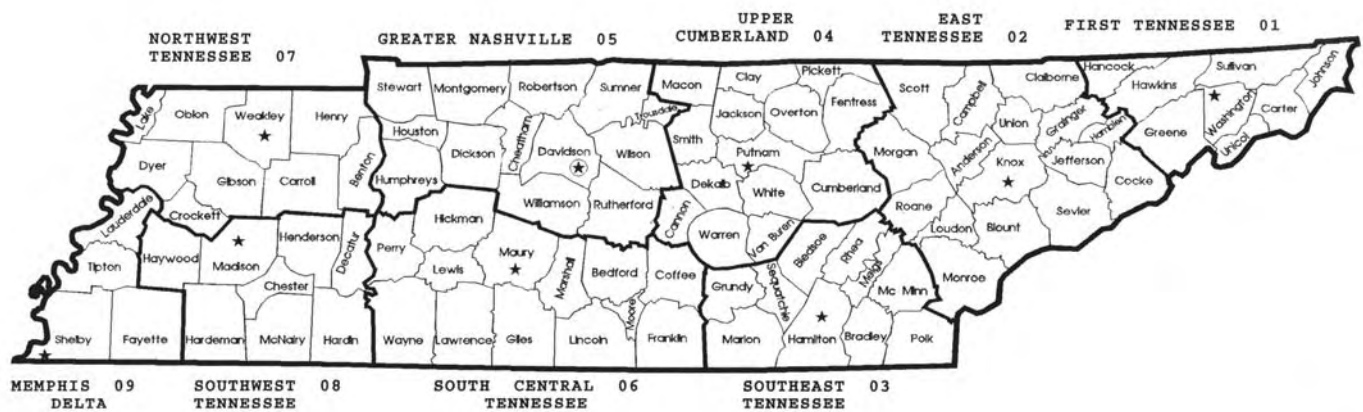
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The Tennessee State Health Insurance Assistance Program (SHIP) is a statewide program that provides free and objective counseling to retirees with questions or problems related to Medicare Part D and other health insurance issues. If you need help with choosing a Medicare Part D plan, SHIP may be the agency you should contact. You may call 1-877-801-0044 toll-free or call your local district office.



01 First Tennessee 1-423-722-5124 (Johnson City)	04 Upper Cumberland 1-931-432-6170 (Cookeville)	07 Northwest 1-731-587-4023 (Martin)
02 East Tennessee 1-865-251-0936 (Knoxville)	05 Greater Nashville 1-615-862-4345 (Nashville)	08 Southwest 1-731-668-6967 (Jackson)
03 Southeast Tennessee 1-423-424-4275 (Chattanooga)	06 South Central TN 1-931-490-5902 (Columbia)	09 Delta 1-901-324-6333 (Memphis)

MEDICARE PART D

Starting in January 1, 2006, Medicare will offer prescription drug coverage for the first time. Everyone with Medicare is now eligible for this new prescription coverage. There are different plans available from which to choose. They pay for both brand name and generic drugs with varying premiums and out-of-pocket costs for the different plans.



Beginning in October 2005, Medicare began mailing information about the plans available, premium levels, drugs included in the plan(s), drug costs, and which pharmacies the plans will use. We recommend that you pay close attention to the details in your Medicare packet, with special emphasis on your personal prescription drug list, when choosing the option best for you.

Many of you have called for advice in selecting a prescription drug plan. If you plan to keep the state’s medicare supplement plan or have a private plan, we recommend the following:

- (1) Use a SHIP (discussed above); or
- (2) Visit www.medicare.gov. This website will actually list the lowest cost plan for you considering the premium, deductibles, and co-pays. You will need a list of your prescriptions and dosage of each; and
- (3) Sign up for a plan if you do not have drug coverage elsewhere, such as through a spouse, with the Veterans’ Administration (VA), or Medicaid. Failure to do so will result in higher premiums after May 15, 2006. **The important thing is to enroll now. Remember, if you are not happy with your choice, you can switch to another plan next fall.**

You can even enroll at the Medicare website. If you do not use the internet, seek the help of a friend or family member.

STATE-SPONSORED MEDICARE SUPPLEMENT CHANGES

Effective December 31, 2005, Plan 2 and Plan 3 were terminated due to the implementation of Medicare Part D. New federal rules prohibit offering the pharmacy portion of Plan 2, and Medicare Part D is more cost effective for you than Plan 3 (considering overall benefits and premium). All existing Plan 2 and Plan 3 retirees were automatically moved to Tennessee Plan 1 effective January 1, 2006. Individuals enrolled in Plan 1 may continue to participate in it during 2006. This plan provides basic coverage for the gaps in Medicare such as the Part A deductibles and Part B coinsurance. For prescription drug coverage, we recommend that you enroll in Medicare Part D.

CALLING TCRS

For your convenience, TCRS has a toll-free number (1-800-770-8277). If you call from Davidson or surrounding counties, you may reach the system locally by dialing 242-6554. Listen to the menu or press your selection after the automated attendant answers your call.



- Select #1 - Financial Services
- Select #2 - Retirement Insurance
- Select #3 - Appointments, Beneficiary Changes, Counseling, or Field Services
- Select #4 - Benefit Computations and Prior Service
- Select #7 - Report the Death of a TCRS Retiree or Active Member

2006 Direct Deposit Payment Schedule

January	31	April	28	July	31	October	31
February	28	May	31	August	31	November	30
March	31	June	30	September	29	December	29